

VZCZCXYZ0000  
PP RUEHWEB

DE RUEHMO #1616/01 1700950  
ZNY CCCCC ZZH  
P 190950Z JUN 09  
FM AMEMBASSY MOSCOW  
TO RHEHNSC/NSC WASHDC PRIORITY  
RUEHC/SECSTATE WASHDC PRIORITY 3891  
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY

C O N F I D E N T I A L MOSCOW 001616

SIPDIS

STATE FOR JTIMBIE  
DOE FOR S-1: SCHU  
DOE FOR S-2: DPONEMAN  
DOE FOR NA-20: KBAKER/SBLACK/HLOONEY  
DOE FOR NA-21: ABIENIAWSKI/KSHEELY  
DOE FOR NA-24: JWHITNEY  
DOE FOR NA-25: DHUIZENGA/JGERRARD  
DOE FOR NA-26: KBROMBERG/GLUNSFORD

E.O. 12958: DECL: 06/10/2019  
TAGS: [KNNP](#) [PARM](#) [PREL](#) [KTIA](#) [IR](#) [RS](#) [ENRG](#)  
SUBJECT: DOE DEPUTY SECRETARY PONEMAN'S MEETING WITH  
ROSATOM DIRECTOR GENERAL KIRIYENKO ON NONPROLIFERATION  
COOPERATION, SUMMIT DELIVERABLES

Classified By: Ambassador John R. Beyrle. Reasons 1.4(b), (c) and (d)

¶1. (C) SUMMARY. DOE Deputy Secretary Daniel Poneman, Ambassador Beyrle, and Senior Advisor to Under Secretary of State for Arms Control and International Security Jim Timbie met with Rosatom Director General Sergey Kiriyenko and his Deputy Nikolai Spasskiy on June 9, 2009 in Moscow to develop a path forward on nonproliferation deliverables for the July 2009 Presidential Summit, including the Joint Statement on Nuclear Security, the Material Consolidation and Conversion (MCC) Agreement, and the Protocol to amend the Plutonium Management and Disposition Agreement (PMDA Protocol). Poneman noted that if the U.S. and Russia could come to agreement on these three documents, the Administration would be prepared to resubmit the 123 Agreement for Peaceful Nuclear Cooperation to Congress.

¶2. (C) While Kiriyenko indicated that he saw no problems with the Joint Statement, he noted that the MCC text provided by the United States had been perceived as imbalanced, and in its current form, was rejected by the Russian interagency. On the PMDA Protocol, Kiriyenko said that although the substance was agreed, concerns existed regarding availability of funding given the current economic crisis. END SUMMARY.

-----  
MATERIAL CONSOLIDATION AND CONVERSION AGREEMENT  
-----

¶3. (C) On the MCC Agreement, Poneman noted that in meetings in Washington on June 5, Russian Ambassador Kislyak had told him that the agreement was so one-sided that it could not be considered for the Summit. Poneman added that he had reviewed the draft text with fresh eyes, having not been involved in earlier negotiations, and could see the source of the Russian concern that the agreement appeared to be asymmetrical. Poneman said that he therefore tried to go back to the first principles regarding what we were trying to accomplish. The key point was that nuclear weapon-usable materials were safer when they were confined to fewer locations and in less sensitive forms. This was not a Russian point or an American point, he stressed, but a nuclear point. Indeed, the United States has decided to consolidate its own nuclear materials to fewer sites in the DOE complex.

¶4. (C) Poneman added that there was no reason that this principle could not be reflected in a document that addressed both sides, concerns. He proposed, therefore, to proceed on

the basis of the following principles: nuclear material consolidation into fewer locations and conversion to less sensitive forms was in our individual and mutual interest. He stressed that this was a matter of partnership; and efforts could be pursued symmetrically. In the same spirit, he noted, our two governments could also work with third countries to help consolidate materials in fewer locations and reduce their sensitivity.

15. (C) Kiriyyenko responded that it was too bad this meeting had come so late, and added that if these principles had been incorporated into the text of the agreement from the outset, we would not have the problem we were discussing today. According to Kiriyyenko, Rosatom as a state corporation was not involved in the negotiations, but could only comment on certain issues. He noted that Poneman would also be meeting with Ryabkov, who was responsible for preparation of documents for the Summit. (Comment: MCC negotiations have been ongoing for the past two years between DOE and Rosatom, involving high-level participation by Rosatom Deputy Director Ivan Kamenskikh and working-level participation by MFA representatives. At no point during these negotiations did the Russian side assert that the agreement was one-sided. Moreover, during summit preparatory meetings as recently as the end of April 2009, Rosatom Deputy Directors Kamenskikh and Spasskiy indicated there were only four issues in the agreement still in need of resolution. The U.S. attempted to address these issues in the latest version of the draft agreement. End Comment)

16. (C) On MCC, Kiriyyenko asserted that Russia was positive on consolidation of nuclear materials, including the work under Bratislava on repatriation of highly enriched uranium (HEU).

However, the MCC text that was negotiated is now perceived negatively in Russia. According to Kiriyyenko, the current draft of the Agreement made it look like this is a Russian problem which has nothing to do with the U.S. (Comment: While the agreement focuses on conversion and consolidation of Russian nuclear materials, the U.S. has already begun to consolidate nuclear materials at fewer sites within the DOE complex. End Comment) Kiriyyenko added that President Obama had stated that there are nuclear materials at risk, and then Russia received the draft agreement devoted to conversion of HEU to low enriched uranium (LEU) in Russia. In this respect, he said, if Russia signed the agreement, it means Russia agreed that materials are located in badly-secured locations in Russia. Kiriyyenko noted that MFA had sent the text to other agencies for clearance, and it was rejected by all of them. He went on to say that the agreement should deal with all countries, not just one or two, adding that there is no problem with security in Russia. Kiriyyenko did, however, agree that fewer locations for nuclear materials would be better, and that conversion to less sensitive material would be better.

17. (C) Kiriyyenko expressed doubts on whether a new agreement could be drafted before the Summit. He reiterated that Russia was very disappointed with the first text and indicated that we could either try to develop a new text in the small amount of time remaining, or aim to say something in the joint statement that we are working and developing an agreement. (Comment: This statement is an exaggeration. The current draft agreement reflects a collaborative U.S.-Russian effort following a lengthy negotiation period of about two years. It appears that MCC came under additional scrutiny within the Russian interagency, possibly at very high levels, once it was proposed as a Presidential Summit deliverable. Although both Rosatom and MFA participated in negotiations, both organizations are now distancing themselves from the Agreement. End Comment). Poneman agreed to provide the Russian side with a more symmetrical MCC text quickly, and urged the two sides to complete a new draft for rapid review and approval, so that it could be signed at the Presidential Summit. (Note: A new draft text was presented to Rosatom and MFA on June 11. End Note). Poneman then invited Kiriyyenko to visit a U.S. site where materials have been consolidated, and

Kiriyenko replied that he would like to make such a visit this fall.

-----  
PROTOCOL TO AMEND THE PMDA  
-----

¶8. (C) Kiriyenko said the PMDA Protocol is currently hostage to MCC. (Comment: It is unclear what Kiriyenko meant by this statement. End Comment). Kiriyenko noted that the substance was agreed, the text was very good, and the document had been well-prepared. The task now was to clear it with other Russian Federation agencies. Kiriyenko went on to say that when the agreement was signed many years ago, the idea was that the seven big countries would provide funding. He noted that the situation has since changed, and some argued that Russia had its own money. He added that while the United States allocated \$400 million, the rest was to come from Russia. The cost grew to \$2-2.5 billion, and Russia could not come up with \$2 billion, and therefore decided to combine plutonium disposition with other programs, and take funding from them. He noted that the U.S. and Russia have worked for a year on a modified agreement, and are happy with the amendments, which allow for disposition in thermal reactors, fast reactors, and high-temperature reactors. According to Kiriyenko, it was still possible to implement the agreement.

¶9. (C) However, Kiriyenko added that the Russian Federation Ministry of Finance was asking whether this project is still a priority, given the economic crisis, and wondered why they couldn't delay completion from 2030 to 2033. Kiriyenko also noted that he is developing a three-year budget and would do his best to get the money, although he was unsure whether he would be successful given the crisis. So, he suggested, the problem was time, how soon the project could go forward. Poneman called Kiriyenko's attention to the language in the underlying agreement that makes clear that program activities of both sides are subject to appropriation of funds. The agreement was written in a way that it could be signed now

and activities would proceed as funds became available.

-----  
JULY SUMMIT PREPARATION, NEXT STEPS  
-----

¶10. (C) As a personal idea, Kiriyenko suggested that the Summit discussion could be broadened to include other topics, including assured fuel supply, construction of an enrichment plant in the United States with Russian technology, and cooperation in the development of small and medium size reactors suitable for small countries. Poneman noted that President Obama in Prague had proposed a new international architecture for civil nuclear cooperation, and DOE welcomed further discussion of this subject.

-----  
NEXT STEPS  
-----

11.(C) Poneman, Kiriyenko, and Spasskiy agreed on the following course in the context of the meeting scheduled the next day, June 10, with DFM Ryabkov: 1) experts would meet to work through the Joint Statement; 2) the United States would provide Russia with a symmetrized MCC text, and both sides would aim to complete the agreement for the Summit; and 3) Russia would see if the Plutonium Disposition Agreement already had flexibility built in to deal with potential funding problems, and proceed with the interagency review and approval process for the protocol to the Plutonium Disposition Agreement, recognizing that time is of the essence.

¶12. (SBU) Deputy Secretary Poneman has cleared on this cable.  
BEYRL